

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

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R 121729Z MAY 76

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 9775

UNCLAS OTTAWA 1902

E.O. 11652: N/A

TAGS: EINV, CA

SUBJ: DAVID ROCKEFELLER COMMENTS ON CANADIAN INVESTMENT CLIMATE

1. IN TELEVISION INTERVIEW ON MAY 11, DAVID ROCKEFELLER, CHASE MANHATTAN BANK CHAIRMAN, INDICATED U.S. INVESTORS WERE LOSING INTEREST IN CANADA. ROCKEFELLER, WHO WAS IN OTTAWA AS MEMBER OF TRILATERAL COMMISSION, WAS INTERVIEWED ON CTV CANADA AM PROGRAM. HIS REMARKS GOT RELATIVELY LOW-KEY TREATMENT IN TORONTO GLOBE AND MAIL, BUT RECEIVED BANNER HEADLINE TREATMENT IN MONTREAL GAZETTE UNDER HEADING "CHASE HEAD WARNS OF U.S. INVESTOR FEARS, BUT PRAISES QUEBEC".

2. FOLLOWING IS TEXT OF GAZETTE ARTICLE OF MAY 12:

BEGIN TEXT. U.S. INVESTORS ARE LOSING INTEREST IN CANADA BECAUSE OF GOVERNMENT MEASURES TO CONTROL FOREIGN INVESTMENT, DAVID ROCKEFELLER, CHAIRMAN OF THE NEW YORK-BASED CHASE MANHATTAN BANK, SAID YESTERDAY.

BUT ROCKEFELLER HAD ONLY PRAISE FOR THE ATTITUDE OF THE BOURASSA GOVERNMENT IN QUEBEC.

CANADIANS MUST CHOOSE BETWEEN GREATER ECONOMIC INDEPENDENCE

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AND MORE PROSPERITY, ROCKEFELLER SAID ON A TELEVISION INTERVIEW.

"YOU FACE A GREAT DELEMMA", HE SAID. "ARE YOU MORE ANXIOUS TO BE COMPLETELY INDEPENDENT OR TO SEE YOUR RESOURCES DEVELOPED FASTER WITH THE AID OF OTHERS."

ROCKEFELLER, BROTHER OF U.S. VICE PRESIDENT NELSON ROCKEFELLER, TOLD FINANCIAL TIMES THAT FEDERAL AND PROVINCIAL POLICIES "TAKEN AS A PACKAGE GIVE THE IMPRESSION OF BECOMING MORE NATIONALISTIC AND LESS RECEPTIVE TO U.S. INVESTMENT."

BUT THE QUEBEC GOVERNMENT, HE SAID, "HAS MADE A REAL EFFORT TO INDICATE THAT IT WANTS TO PROMOTE FOREIGN INVESTMENT AND HAS DONE ITS BEST TO CREATE A CLIMATE THAT IS ENCOURAGING."

AS A RESULT, HE FINDS QUEBEC'S GENERAL INVESTMENT CLIMATE MORE FAVORABLE THAN SEVERAL YEARS AGO.

EXTERNAL AFFAIRS MINISTER ALLAN MACEACHEN INDICATED THAT OTTAWA HAS NO INTENTION TO STEP BACK FROM ITS FOREIGN INVESTMENT REVIEW LEGISLATION. FOREIGN TAKE-OVERS OF CANADA-OWNED COMPANIES ARE EXAMINED BY THE FOREIGN INVESTMENT REVIEW AGENCY TO SEE WHETHER THEY SHOULD BE PERMITTED IN THE NATIONAL INTEREST.

ROCKEFELLER WAS IN OTTAWA TO ATTEND A MEETING OF THE TRILATERAL COMMISSION, A GROUP OF BIG BUSINESS LOBBYISTS FROM NORTH AMERICA, WESTERN EUROPE, AND JAPAN.

HIS COMMENTS ON ECONOMIC NATIONALISM ECHOED THE MESSAGE OF PRIME MINISTER PIERRE TRUDEAU WHO TOLD THE GROUP MONDAY THAT GREATER CANADIAN SOVEREIGNTY DOES NOT NECESSARILY REQUIRE SEVERE RESTRICTIONS ON FOREIGN INVESTMENT.

ROCKEFELLER SAID U.S. INVESTMENT IN CANADA HAS FALLEN OFF TO THE POINT WHERE IT NOW ABOUT EQUALS THE  
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INCREASING LEVEL OF CANADIAN INVESTMENT IN THE U.S.

HE SAID THE SASKATCHEWAN GOVERNMENT MIGHT BE ABLE TO CARRY OUT A PLAN TO OBTAIN U.S. FINANCING FOR A \$1-BILLION TAKEOVER OF THE PROVINCE'S AMERICAN-OWNED POTASH INDUSTRY PROVIDED THE PROVINCIAL GOVERNMENT AGREES TO FULL COMPENSATION FOR THE EXPROPRIATED COMPANIES SASKATCHEWAN PREMIER ALLAN BLAKENEY HAS BEEN IN NEW YORK TRYING TO ARRANGE SUCH FINANCING.

ROCKEFELLER SAID TAKEOVER DECISIONS SUCH AS THIS  
ARE TURNING U.S. INVESTORS AWAY FROM CANADA. HE SAID  
U.S. MONEY HAS PROVIDED GREAT BENEFITS TO CANADIANS  
IN THE PAST BUT AMERICANS WOULD BE "QUITE CONCERNED"  
IF THEIR PETROLEUM INDUSTRY, LIKE CANADA'S, WAS MORE  
THAN 90 PERCENT FOREIGN OWNED.

HE SAID CANADIANS SUCCESSFULLY EXPLOITED THE  
AVAILABILITY OF AMERICAN MONEY JUST AS THE AMERICANS  
USED BRITISH MONEY IN THE 19TH CENTURY TO BUILD THEIR  
RAILWAY SYSTEM. "WE SURVIVED THAT VERY WELL."

ASKED ABOUT ROCKEFELLER'S COMMENTS, MACEACHEN TOLD  
THE COMMONS EXTERNAL AFFAIRS COMMITTEE THAT THE FOREIGN  
INVESTMENT REVIEW LAW MUST BE UNDERSTOOD IN THE U.S.

"I DON'T THINK THE NECESSITY OF GOOD RELATIONS  
WITH THE UNITED STATES ARGUES AGAINST CANADA PURSUING  
ITS OWN NATIONAL INTERESTS IN SITUATIONS WHERE THAT  
IN OUR JUDGMENT IS THE THING TO DO."

THE EXTERNAL AFFAIRS MINISTER DISAGREED WITH A  
RECENT STATEMENT BY REPUBLICAN CONGRESSMEN IN WASHINGTON  
THAT RELATIONS (SIC) BETWEEN CANADA AND THE U.S. ARE  
DETERIORATING.

DISAGREEMENTS ON SOME ISSUES INDICATE THERE IS A  
"DYNAMIC RELATIONSHIP" BETWEEN THE TWO COUNTRIES, HE  
SAID.

"IN MY VIEW THE ATMOSPHERE IS GOOD."

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## Message Attributes

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**Decaption Date:** 01 JAN 1960  
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**Review Authority:** CollinP0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 23 JUN 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <23 JUN 2004 by wolfsd>; APPROVED <21 JAN 2005 by CollinP0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** DAVID ROCKEFELLER COMMENTS ON CANADIAN INVESTMENT CLIMATE  
**TAGS:** EINV, CA, US, (ROCKEFELLER, DAVID)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006